



# The WATER WELLSPRING

***A FLOWING SOURCE OF INFORMATION FOR WATER AND WASTEWATER UTILITIES***

Winter 2012

## Water & Wastewater Workshop A Success



On December 6, 2011, the Public Service Commission of SC (PSC), the Office of Regulatory Staff (ORS), and the Department of Health and Environmental Control (DHEC) co-hosted a water/wastewater workshop themed “From Production to Disposal: Overview of Management Challenges and Opportunities.” Over 25 people from water and wastewater utilities across the state attended the workshop. DHEC discussed topics including total coliform rule, sanitary surveys, and the continuous efforts to reduce sanitary sewer overflows as a result of grease infiltrating into the sewer lines. Joe DeVito, president of SC811, discussed the new Underground Facility Damage Prevention Act. This Act, passed in June 2011, requires membership of all water and wastewater utilities to SC811.

ORS wishes to thank the PSC for providing the venue in which to host the workshop and to PSC Chairman Butch Howard for his opening remarks. ORS also thanks staff from DHEC and SC811 for their presentations and to the water and wastewater utilities who attended the workshop. We appreciate everyone’s effort to make the workshop a success. ORS has received requests to host another workshop in 2012. We will advise in future newsletters the date and time of the next workshop.

Each of the presentations from the workshop can be found on ORS’s website at <http://www.regulatorystaff.sc.gov/orsContent.asp?pageID=667&menuID=792>.

## News From The EPA



The Environmental Protection Agency (EPA) has developed a partnership with various entities, including builders, manufacturers, retailers, and utilities, to encourage water conservation. This partnership, known as WaterSense, seeks to decrease water use through more efficient products, equipment, and programs. WaterSense has a recognizable label

that helps consumers easily identify water-efficient products in the marketplace. Your utility can become a WaterSense Partner. The benefits of being a WaterSense Partner include connection to a network of utilities, local governments, manufacturers, builders, and other organizations working to promote the WaterSense label and water efficiency. You will also gain exclusive access to outreach and marketing resources to help you promote WaterSense and water efficiency. Becoming a WaterSense Partner and using the WaterSense logo allow your customers to recognize your utility as a good steward of the environment. Joining WaterSense is free. Simply log onto the following website, complete the form, and submit it to WaterSense ([http://www.epa.gov/watersense/docs/partnership\\_promopartners508.pdf](http://www.epa.gov/watersense/docs/partnership_promopartners508.pdf)).

## Underground Facility Damage Prevention Act



The new Underground Facility Damage Prevention Act was signed into law by Governor Nikki Haley on June 7, 2011, and will go into effect June 7, 2012. This is the first update to the law since it went into effect in 1978. Major changes and updates to the new law include: requiring all utilities to be a member of SC811, requiring a three full-working-day notification prior to excavating (does not include the day the notice is made), requiring the excavator to check the Positive Response system prior to excavating as well as closing a location ticket after the excavation is complete, decreasing the tolerance zone from 30" on either side of the markings to 24" on either side of the markings, allowing utilities to declare extraordinary circumstances when weather impedes locators from being able to mark in a timely manner, requiring that damages be reported to both the facility operator as well as to SC811, and changing the makeup of the SC811 Board of Directors. Below are some answers to commonly asked questions. Our thanks to the staff at SC811 for providing complete details.

- **Membership Requirements:** Any facility operator that is currently a member of SC811 on the effective date of this Act (June 7, 2012), must remain a member. Facility operators with more than 50,000 customers or 1,000 miles of facilities who are not members must join within one year from the effective date of the Act (June 7, 2013). Facility operators with more than 25,000 customers or 500 miles of facilities, who are not members, must join within two years from the effective date of the Act (June 7, 2014). All remaining operators must join within three years from the effective date of this Act (June 7, 2015). (Section 58-36-50-B)
- **Membership Fees:** The membership fee is determined each year by the SC811 Board of Directors. For 2012, the membership fee is \$0.79 per transmission. The annual membership fee is based on the number of ticket transmissions a company receives. Payments are made on a calendar year based on the total of ticket transmissions for the previous fiscal year (July through June). Contact Susan Wilson for a membership quote or additional questions (803-939-1117).
- **Serving on the SC811 Board of Directors:** Letters are sent out to all member utilities 90 days prior to board elections. Any member company who has an interest in serving on the Board can send a letter recommending a representative for their company. The letters are reviewed by the SC811 Board Nominating Committee. Currently, board members serve three-year terms. (Section 58-36-50-A)

- **Effective date of electronically locatable underground facilities:** In the present law, there are no requirements of how underground lines are to be located. All underground facilities installed after the effective date of the Act (June 7, 2012) must be electronically locatable. (Section 58-36-70-G)
- **Contact information regarding equipment damage:** The excavator must notify the utility company directly about the damage. In addition, the new law states that the excavator must notify SC811 as well as the company whose line they damaged. (Section 58-36-90-A)

You can find a copy of the law on the SC811 website: <http://www.sc1pups.org/SCStateLaw.aspx>.

## ***The Audit Corner:***



### **WHAT TO EXPECT DURING AN ORS AUDIT EXAMINATION**

When a utility files for a rate increase, the ORS Audit Department is charged with the duty of performing a regulatory examination of the Company's application. This process entails three basic steps:

- 1) Verifying that the operating experience and rate base reported by the Company in its application were supported by the Company's accounting books and records for the test year.
- 2) Testing the underlying transactions in the books and records for the same period to ensure that the transactions were adequately supported, had a stated business purpose, were allowable for ratemaking purposes and were properly recorded.
- 3) Reviewing and making adjustments, as necessary, to revenues, expenditures and capital investments to normalize the Company's operating experience and rate base in accordance with generally accepted regulatory principles and prior Commission orders.

For application verification, the ORS must have access to the Company's general ledger and trial balance. In addition, the Company should provide a reconciliation or map from the per-book application numbers to the general ledger. After verification of the per-book numbers, the ORS will test those numbers by sampling and scanning various expense and plant accounts to determine if they are allowable for ratemaking purposes. The ORS will request supporting documentation such as invoices, contracts and supporting spreadsheets. Additionally, if a Company proposes various adjustments in its application, detailed supporting documentation is required to verify each adjustment. The ORS may also propose various adjustments to the Company's per-book numbers.

Other important aspects of the ORS examination include adherence to the procedural schedule and gathering of information. The schedule consists of filing and hearing dates set by the Public Service Commission of SC, along with internal deadlines for the ORS Audit Department. The procedural schedule, contact personnel, data requests, and other pertinent items are discussed during an orientation meeting or conference call between the ORS and the Company.

Good communication and a timely exchange of information between all parties are very important throughout the entire examination process as the ORS upholds its mission to balance the concerns of the using and consuming public; the financial integrity of public utilities; and the economic development of South Carolina.

# Compliance Reminders

PSC regulations require that three forms be current at all times and submitted in a timely manner. The Annual Report and Gross Receipts Form must be submitted on an annual basis. The Performance Bond must be current and requires an annual submission of an updated financial statement if an individual acts as surety for the bond. The ORS will work with any utility needing assistance in preparing the forms. However, the forms **MUST** be submitted by the due date required. Failure to submit the required form(s) may result in a Rule To Show Cause to be filed against the utility and a request from the ORS for the utility to cease charging for service. A calendar of due dates for forms is below. Reminders will be sent regarding when forms are due.



DUE DATE	ACTIVITY	WHO MUST FILE	DELIVERABLE	WHERE TO FIND FORM
April 1	Annual Reports(1)	All Water/Wastewater Utilities	Annual Report	ORS Website (2)
As Needed	Authorized Utility Rep Form - Submit Whenever Current Contact Personnel Change	All Water/Wastewater Utilities	Completed Form	ORS Website (2)
July 15	Gross Receipts - Annual Payment	All Water/Wastewater Utilities	Payment Due	n/a
August 31	Gross Receipts Report Form	All Water/Wastewater Utilities	Completed Form	Via US Mail
Continuous	Performance Bond	All Water/Wastewater Utilities	Bond Document	ORS Website (2)
Notes:				
1. Annual Report due April 1 of each year unless utility has a different fiscal year.				
2. ORS Website - <a href="http://www.regulatorystaff.sc.gov">http://www.regulatorystaff.sc.gov</a> - Select Forms				

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Published by the South Carolina Office of Regulatory Staff  
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